

# Immigration and **Small Business:**

Ideas to Better Respond to Canada's  
Skills and Labour Shortage



# Immigration and Small Business:

Ideas to Better Respond to Canada's Skills and Labour Shortage

Authors: Andreea Bourgeois, Aneliese Debus, Bradley George, Janine Halbesma, Dan Kelly, Judy Langford, and André Lavoie.

Canadian Federation of Independent Business  
2006

© All rights reserved  
Canadian Federation of Independent Business  
4141 Yonge Street  
Willowdale, Ontario M2P 2A6  
[www.cfib.ca](http://www.cfib.ca)

ISBN 0-9781773-2-0  
Printed in Canada

Également publié en Français sous le titre *L'immigration et la petite entreprise : des idées pour mieux pallier la pénurie de main-d'œuvre au Canada*

# Table of Contents

|  |           |
|--|-----------|
| <b>Key Findings of CFIB's Report: .....</b>  | <b>i</b>  |
| <b>Section A: The Growing Challenge of Skills and Labour Shortages</b>                   |           |
| <b>in Small Business.....</b>  | <b>1</b>  |
| Introduction .....   | 1         |
| SMEs' Hiring Activity.....   | 2         |
| Hiring Difficulties Experienced by SMEs .....  | 2         |
| Hiring Methods of SMEs .....   | 3         |
| Labour Shortages—Types of Workers Needed Most.....                                       | 4         |
| <b>Section B: A Primer to Canada's Immigration System .....</b>                          | <b>7</b>  |
| Permanent Residents .....  | 7         |
| Economic Immigrants.....   | 7         |
| Economic Immigration Statistics .....  | 10        |
| Temporary Residents .....  | 13        |
| Foreign Workers .....  | 13        |
| Foreign Worker Statistics.....   | 14        |
| SME Labour Shortages and the Skill Level of Economic Immigrants and Foreign Workers..... | 15        |
| <b>Section C: The Experience of SMEs in Hiring New Immigrants .....</b>                  | <b>17</b> |
| Types of New Immigrants Hired by SMEs.....   | 17        |
| Recruiting Methods.....  | 18        |
| Problems with the Immigration System.....  | 18        |
| Real Life Stories from SMEs .....  | 19        |
| Integrating New Immigrants.....  | 19        |
| Assistance to New Immigrants .....   | 20        |
| <b>Section D: Improving Canada's Immigration System:</b>                                 |           |
| <b>Principles, Recommendations and Conclusions.....</b>                                  | <b>23</b> |
| <b>Works Cited.....</b>  | <b>31</b> |
| <b>Bibliography .....</b>  | <b>32</b> |
| <b>Appendix A: Survey Form .....</b>   | <b>33</b> |



# Key Findings of CFIB's Report:

- The level of concern over the shortage of qualified labour is at its highest point ever and is expected to get worse.
- While immigration is not the only solution to Canada's skills and labour shortages, it can make an important contribution.
- The permanent immigration system does not come close to matching the needs of Canada's small- and medium-sized businesses, particularly for trades and entry-level positions.
- Immigration red tape is a major obstacle to smaller firms, particularly the requirement to have the government issue a labour market opinion to verify labour shortages, recruiting efforts and salary levels.
- Greater linkages are required between the temporary and permanent immigration systems.
- Spouses and children of temporary foreign workers represent a significant pool of potential workers.
- Additional local involvement such as provincial nominee programs can improve flexibility and responsiveness.





# Section A: The Growing Challenge of Skills and Labour Shortages in Small Business

## Introduction

Labour shortages are here to stay. Media reports on the topic are frequent and research from the public and private sectors indicates that labour shortages will likely persist well into the future.

Labour shortages can be characterized in different ways. A shortage of job seekers with the skills, education or experience sought by employers can be thought of as a skills shortage. A more general shortage of people to fill vacancies, including entry-level positions, can be considered a labour shortage. Employers may experience shortages of skills, labour, or a combination of both.

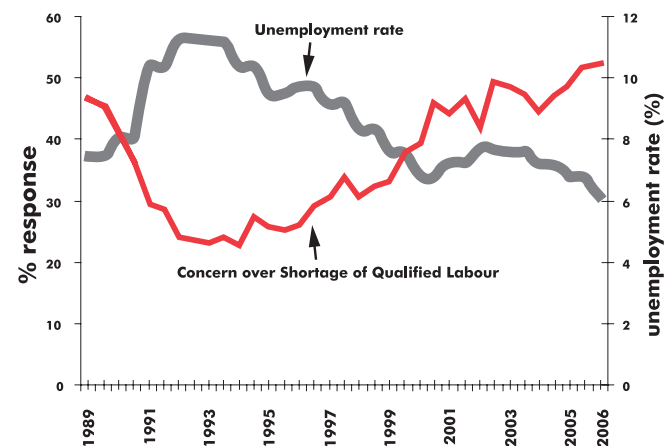
The Canadian economy has been experiencing a period of prosperity lately, with the national unemployment rate hovering around 30-year lows. The vast majority of small- and medium-sized enterprises (SMEs) have been active hiring or looking to hire. The shortage has been particularly acute in Western Canada; evidence shows a majority of Western firms have had problems finding workers.

The impact of labour shortages is serious and has the potential to constrain future economic growth. In the short term, small business owners may resort to temporary solutions such as hiring under qualified people, asking workers to work overtime and extending their own already long workdays. Some businesses are forced to take more drastic action such as turning down work or ignoring new business opportunities.

While no part of Canada is immune, some regions, notably parts of Western Canada, are in a critical situation. At the opposite end of the country, business owners in areas such as North-Eastern New Brunswick have problems finding or retaining employees because many people have left the region. Canada's demographics, however, suggest skills and labour shortages will affect all regions of the country in the future.

The Canadian Federation of Independent Business (CFIB) represents over 105,000 SMEs operating in all regions and sectors of the economy. In recent years, CFIB has noted an increase in concern over the shortage of labour. Past studies<sup>1</sup> revealed that labour shortages are cyclical and inversely related to the unemployment rate. However, even in times of higher unemployment, a large number of SMEs have had difficulty finding qualified labour (see Figure A1).

**Figure A1—Business concern over the shortage of qualified labour, 1989-2006**



Source: CFIB, *Our Members' Opinions Surveys* #24-58, 1989-2006; and Statistics Canada

CFIB studies have tracked the concern with the shortage of labour over time and looked at the number of long-term vacant jobs (Help Wanted, April 2006), the ways SMEs accommodate their employees (Fostering Flexibility: Work and Family, September 2004), approaches to training (Skilled in Training, May 2003) and the state of the labour market (Labour Pains, April 2003 and Help Wanted, April 2002).

The level of concern over the shortage of qualified labour is at its highest point ever, with 52.5 per cent of SME owners concerned.

<sup>1</sup> Canadian Federation of Independent Business 2003. Labour Pains: results of CFIB surveys on labour availability.

In this study, CFIB takes a closer look at one way to tackle the problem of labour shortages: immigration. Key to this research is a survey of CFIB’s membership, conducted by mail and email between July 4 and August 25, 2006. It received 11,964 responses nationwide. The survey responses outlined in this report are accompanied by a background review, immigration statistics and detailed information gathered from discussions with experts in the field, government officials, immigration consultants and business owners themselves.

Although this report focuses on immigration, CFIB recognizes it is only one possible way to alleviate labour shortages. In a 2005 survey with 1,775 respondents from Western Canada, one-third of business owners said they had success hiring seniors, new immigrants and aboriginals, and nearly one-quarter hired persons with disabilities. Future studies will examine tapping the labour market potential of these groups.

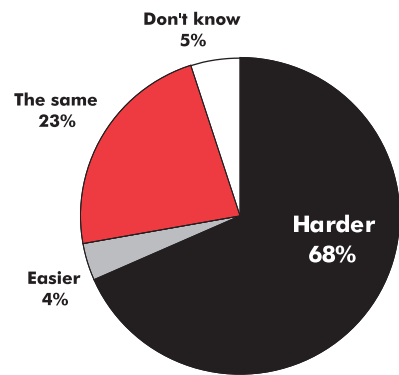
SMEs’ Hiring Activity

A strong majority (88 per cent) of SMEs have hired or attempted to hire in the past five years. As expected, the larger or more mature a firm is, the more likely its owner looked to hire. Two-thirds of business owners feel it will be harder to find employees in the next five years, while four per cent think it will be easier (see Figure A2).

In CFIB’s 2002 survey on labour and training issues, only 58 per cent of business owners expected the hiring conditions to get worse, while 34 per cent thought they would be the same over the next three years. The current findings match the business owners’ expectations for a tight labour market.

The more experience entrepreneurs have with the labour market, the more likely they are to think it will become harder to hire in the future. In fact, 71 per cent of entrepreneurs who hired in the past five years think it will become harder versus 49 per cent of those who did not hire. Those with greater concern are somewhat larger, have operated longer, are in sectors such as construction, primary sector or transportation, or are located in Western Canada.

Figure A2—Harder or easier to find employees in the future



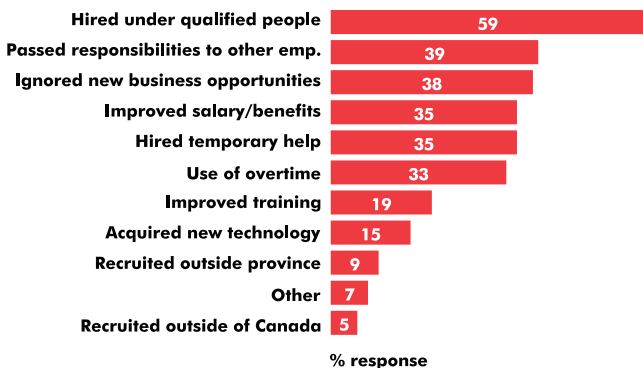
Source: CFIB Point of View on Labour Shortages and Immigration Survey, July 2006

Hiring Difficulties Experienced by SMEs

About four in ten business owners reported difficulties hiring. Those who hired or attempted to hire in the past five years were more likely to have encountered difficulties.

When asked about solutions to their hiring challenges, 59 per cent of SME owners said they hired under qualified people. Among the internal solutions were: passing responsibilities onto other employees (39 per cent), using more overtime (33 per cent), improving salary and benefits (35 per cent), and investing in new technology (15 per cent). Among the external solutions found by small business owners were: hiring temporary help (35 per cent), recruiting outside the province (nine per cent) or outside the country (five per cent) (see Figure A3).

Figure A3—Attempts to solve hiring difficulties



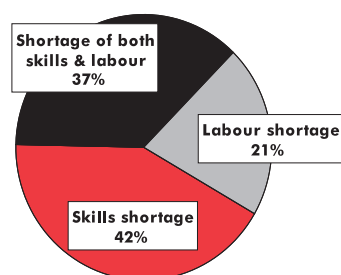
Source: CFIB Point of View on Labour Shortages and Immigration Survey, July 2006

Most disturbingly, 38 per cent chose to function with fewer employees and ignore new business opportunities. Smaller businesses—with fewer than 20 employees—were slightly more likely than medium-sized firms to forego new business opportunities when short of staff. The percentage of entrepreneurs ignoring business opportunities has increased by about eight per cent in only four years.

Business owners who have hired were more likely to use a mix of these solutions. Those in Western Canada were the most likely to have actively hired outside the province or the country. In fact, entrepreneurs in Alberta were three times more likely to have looked outside the province for potential employees (25 per cent versus nine per cent nationally). Respondents in Manitoba and Alberta were almost twice as likely to search outside Canada, (nine per cent versus five per cent). Operators of rural businesses tend to be more likely to hire from outside Canada than urban businesses. This could be explained by the seasonal agricultural workers program, which helps admit agri-businesses workers for a limited time.

Most business owners say their hiring difficulty is due to a shortage of skills (42 per cent) while an almost equal share (37 per cent) say it is due to a shortage of both skills and labour. It is important to note that 21 per cent report only a shortage of labour (see Figure A4). A skills shortage is when there is a lack of candidates with the required education, experience or skills applying for jobs. A labour shortage is when there are generally too few people applying for vacant positions, including entry-level positions or those requiring no specific type of skill.

**Figure A4—Hiring difficulties described as skills shortage or labour shortage**



Source: CFIB Point of View on Labour Shortages and Immigration Survey, July 2006

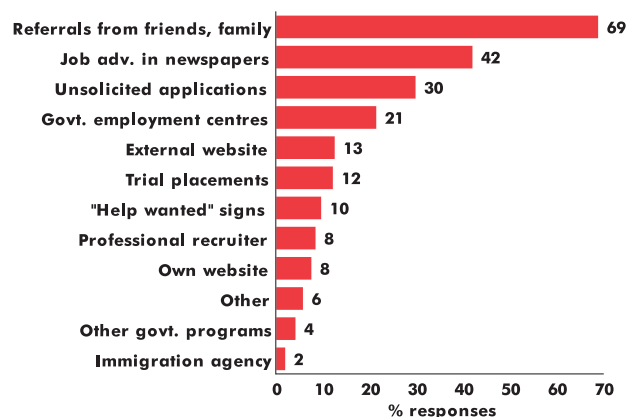
Business owners in Ontario are more likely to describe the current tough hiring conditions as a shortage of skills, while owners in Western Canada generally describe the problem as a shortage of both labour and skills.

Managers in finance, business service industries or health are more likely to see a skills shortage, while the manufacturing, construction, and transportation sectors view the problem a shortage of skills and general labour. Also, owners based in urban areas tend to indicate more often a shortage of skills, while owners of rural-based firms are more likely to describe the market as having both a shortage of skills and labour. The fact that too few people are applying for positions in rural areas may be explained by migration to large urban centres.

## Hiring Methods of SMEs

Not surprisingly, small business owners use a variety of recruiting methods. For seven out of ten SMEs, the most effective way is to use referrals from friends and current employees. Forty-two per cent say newspaper advertising is the most effective method. Unsolicited applications and using a government centre works well for about 30 per cent and 21 per cent, respectively (see Figure A5).

**Figure A5—Most effective recruiting methods**



Source: CFIB Point of View on Labour Shortages and Immigration Survey, July 2006

In general, Western employers use a larger number of recruitment options. They are also twice as likely to use an immigration agency to find their employees; however this option is less commonly used than others. Firms

in agriculture, the primary sector or manufacturing are more likely to use immigration agencies.

## Labour Shortages—Types of Workers Needed Most

In this survey, operators of small- and medium-sized businesses were asked to specify the one type of worker their business needs most. CFIB classified the responses according to the National Occupational Classification (NOC), a system for describing the occupations of Canadians. The NOC provides standardized descriptions of different types of work and classifies occupations according to their skill level and skill type.

The survey results show that 42 per cent of shortages are in occupations that usually require college or apprenticeship training—Skill level B (see Table A1).

**Table A1—Occupational shortages, by NOC skill level**

| Skill level   | Per cent |
|---|----------|
| Occupations that usually require college education or apprenticeship training (Skill level B)         | 42%      |
| Occupations that usually require secondary school and/or occupation-specific training (Skill level C) | 32%      |
| Occupations where on-the-job training is usually provided (Skill level D)                             | 17%      |
| Occupations that usually require university education (Skill level A)                                 | 7%       |
| Management occupations (Skill level O)  | 1%       |
| Total*  | 100%     |

\*does not equal 100% due to rounding

A closer look at the occupations within this group shows a substantial proportion of these are in the trades (see Table A2). In fact, 66 per cent are in the grouping largely composed of trades occupations (e.g. carpenters, plumbers, mechanics, electricians).

**Table A2—Shortages in Skill Level B: Occupations usually requiring college education or apprenticeship training (2-digit NOC Major Group)**

| Occupational Grouping  | Per cent |
|--|----------|
| Trades & skilled transport & equipment operators                           | 66%      |
| Skilled sales & service occupations  | 13%      |
| Technical occupations related to natural & applied sciences                | 10%      |
| Skilled administrative & business occupations                              | 3%       |
| Technical & skilled occupations in health                                  | 3%       |
| Technical & skilled occupations in art, culture, recreation & sport        | 2%       |
| Paraprofessional occupations in law, social services, education & religion | 2%       |
| Skilled occupations in primary industry                                    | 1%       |
| Total  | 100%     |

Thirty-two per cent said they need people for occupations requiring up to four years of secondary school education or up to two years of on-the-job training, specialized training courses or specific work experience—Skill level C. Forty-seven per cent of these are intermediate sales and service occupations (e.g. food and beverage servers, retail sales clerks) (see Table A3). One-quarter are intermediate occupations in transport and equipment operation, installation and maintenance (e.g. truck drivers, heavy equipment operators, installers).

The next two groupings, which account for 23 per cent of occupations, include clerical occupations (e.g. office clerks, administrative clerks) and occupations in processing and manufacturing (e.g. sawmill machine operators, assembly line workers).

**Table A3—Shortages in Skill Level C: occupations usually requiring secondary school and/or occupation-specific training (2-digit NOC Major Group)**

| Occupational Grouping  | Per cent |
|--|----------|
| Intermediate sales & service occupations   | 47%      |
| Intermediate occupations in transport, equipment operation, installation & maintenance | 25%      |
| Clerical occupations   | 12%      |
| Processing & manufacturing machine operators & assemblers                              | 11%      |
| Intermediate occupations in primary industry   | 4%       |
| Assisting occupations in support of health services                                    | 1%       |
| Total*   | 100%     |

\*does not equal 100% due to rounding

A full 17 per cent said they need to fill a job that requires on-the-job training or a short work demonstration but no formal educational requirements—Skill level D. These include service occupations

(e.g. janitors, cashiers, grocery clerks) and general labour positions in construction or manufacturing. Only seven per cent said they need to fill professional jobs that usually require a university degree. One per cent needs to fill management positions.

Overall, about half the shortages are in occupations that do not require formal education beyond secondary school. It is important to recognize a great many of these are not unskilled positions. Rather, they may require training and experience that is gained informally instead of through formal education or training systems. Given the labour shortages in the different occupational groups, an important question to consider is whether Canada's immigration system is currently meeting these needs.





# Section B: A Primer to Canada's Immigration System

Immigration has played an important role in the development of Canada, both culturally and economically. Almost 15 million people have immigrated to Canada since Confederation.<sup>2</sup> Canada's immigration policy has been guided by three broad objectives:<sup>3</sup>

- to foster a strong viable economy in all regions of Canada;
- to reunite families; and
- to fulfill the country's international obligations and humanitarian tradition with respect to refugees.

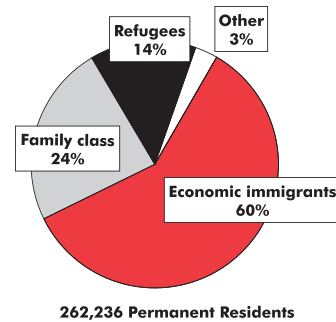
Canada's immigration policy also allows the temporary entry of foreign workers, students and other visitors. This aspect of the system cannot be omitted from a discussion of immigration and labour shortages.

## Permanent Residents

In 2005, Canada accepted 262,236 immigrants as permanent residents—individuals who have been granted the right to permanently reside in Canada. They have all the rights guaranteed under the Canadian Charter of Rights and Freedoms, but do not have the right to vote and they must meet certain obligations to maintain their status.<sup>4</sup> Figure B1 shows the breakdown of total immigration in 2005. Of the 262,236 immigrants accepted as permanent residents, 60 per cent were economic immigrants, 24 per cent were family class and 14 per cent were refugees.

The objectives outlined above are reflected in the three main immigration categories under which people are admitted to Canada as permanent residents: economic immigrants, family-class immigrants and refugees. While CFIB recognizes the importance of other forms of immigration to Canadian society, our focus will be on economic immigrants.

**Figure B1—Permanent residents by category, 2005**



Source: Citizenship and Immigration Canada, 2005.

## Economic Immigrants

Economic immigrants are permanent residents selected for their skills and ability to contribute to Canada's economy:

### A. Skilled Workers:

Skilled workers are admitted to Canada because they have characteristics that enable them to participate in the job market and establish themselves in Canada.<sup>5</sup> Skilled workers must have at least one year of work experience in a professional, technical or management field and must score 67 points on a 100-point scale that uses selection criteria such as education, language ability, work experience, and ties to Canada.<sup>6</sup> Points are also awarded to those with a pre-arranged job, which allows employers to support an application for permanent immigration by extending an offer for a permanent job.<sup>7</sup>

For decades, Quebec has shared jurisdiction over immigration with the federal government. Quebec selects those who can enter its labour market while the federal government is responsible for the admission of immigrants selected by the province. The authority over selection is entirely under

<sup>2</sup> Citizenship and Immigration Canada. 2003. Citizenship and Immigration Canada Serving Canada and the World.

<sup>3</sup> Statistics Canada 2003. Longitudinal Survey of Immigrants to Canada: process, progress and prospects.

<sup>4</sup> Citizenship and Immigration Canada. 2005. Facts and Figures 2005.

<sup>5</sup> Ibid.

<sup>6</sup> Canadian Federation of Independent Business 2003. Immigration and Foreign Workers: a guide for Canadian employers.

<sup>7</sup> Human Resources and Social Development Canada. 2005. Hiring Skilled Workers and Supporting their Permanent Immigration.

Quebec's jurisdiction.<sup>8</sup> The province developed its own selection criteria designed to meet its needs and recently made additional changes (see Text Box B1). Successful applicants receive a Quebec Selection Certificate or the Certificat de sélection du Québec. This is the official immigration document issued by the Quebec government.<sup>9</sup> The federal government admits to Quebec only the candidates selected by the province. In addition to having complete jurisdiction over the selection process, Quebec has demonstrated a fairly strong commitment to economic immigration. This is reflected in programs such as integration services to assist new immigrants (see Text Box B2).

### *B. Business Immigrants*

Canada has programs for three types of business immigrants—investors, entrepreneurs, and self-employed persons.<sup>10</sup> An investor must have a net

worth of \$800,000 and make an investment of \$400,000. As well, the investor must have the requisite business experience. An entrepreneur must have a net worth of \$300,000 and have recently managed and controlled at least one-third of the equity of a qualifying business. A self-employed applicant is one who can contribute to the cultural, artistic or athletic life of Canada, usually through their substantial talent in one of these fields.<sup>11</sup> Farmers may also qualify under the self-employed class. Some provinces and territories, such as British Columbia, Quebec and Yukon, have their own business immigration programs.

### *C. Provincial or Territorial Nominees*

Provincial or territorial nominees are individuals chosen through programs that select skilled workers with the training, work experience and language ability

## **Text Box B1—Recent Changes to the Quebec Immigration System**

### **REGULATORY AMENDMENTS FOR SKILLED WORKERS were designed to:**

- maximize the economic impact of immigration
- provide demographic balance
- ensure the sustainability of the French fact
- provide equality between men and women
- help settle new Quebecers in the regions
- achieve the government's triennial planning objectives

Three programs (Employability & Occupational Mobility, Occupations in Demand in Quebec and the Assured Job Offer) have been combined. The selection grid structure is simpler and comprises ten criteria. These changes increase the capability to select candidates according to the nature of their training and skills. The focus, therefore, is on workers in technical professions who cater to specific job market needs.

### **10 selection criteria**

- Training, education, degrees obtained in Quebec (new), areas of training (new list), second specialization.
- Experience: Experience is no longer a criterion for elimination (the current requirement is a minimum of six months experience). Only experience acquired in the five years preceding the application is taken into account.
- Age: A drop in the eligible age for the skilled workers category to 18 years.
- Language proficiency.
- Past stay or family settled in Quebec.
- Qualifications of the spouse/common law partner: greater importance is given to the spouse's training
- Validated job offer: This new factor replaces the current Assured Job Offer program. Greater consideration is given to labour needs in the regions. It is now possible to get job offers in skilled trades validated (level C in the National Occupational Classification).
- Children.
- Financial self-sufficiency.
- Adaptability: Mainly based on the candidate's immigration plan, especially in relation to his/her entry into employment (currently determined by personal qualities, motivation and knowledge of Quebec).

<sup>8</sup> Government of Quebec. 2005. Difference between the selection and admission of workers.

<sup>9</sup> Ibid.

<sup>10</sup> Canadian Federation of Independent Business 2003. Immigration and Foreign Workers: a guide for Canadian employers.

<sup>11</sup> Ibid.



to make a positive contribution to the provincial or territorial economy.<sup>12</sup> Provincial nominees are not assessed on the same selection factors as the federal Skilled Workers Program.

Recognizing the labour shortage is a serious issue, provinces have begun to take a more active role in immigration. Most provinces have signed agreements with the federal government to accept a quota of workers to fill identified skill shortages in the province. Provincial or territorial nominee programs may be employer-driven and are slightly different in each jurisdiction.<sup>13</sup> According to Citizenship and Immigration Canada, all provinces and territories except Quebec, Ontario, the Northwest Territories and Nunavut have nominee programs. However, as part of the Canada-Ontario Immigration Agreement of November 2005, Ontario committed to developing a pilot nominee program to be operational in late 2006.

#### *D. Live-in Caregiver*

A live-in caregiver provides care to children, seniors or the disabled in a private home.<sup>14</sup> After completing two years of employment in Canada, they may apply for permanent resident status.

As noted, employers can support an application for permanent immigration to Canada by extending an offer of a permanent job. There are two sets of options for employers, both with onerous requirements that must be satisfied.

One option is to apply for a Human Resource and Social Development Canada (HRSDC) Labour Market Opinion (LMO). HRSDC conducts an LMO and then decides whether to approve the job offer. Text Box B3 contains the components of an LMO. The resulting decision is one item considered by Citizenship and Immigration Canada (CIC) when deciding whether to issue a work permit to the applicant.<sup>15</sup>

Alternatively, an employer can apply for an HRSDC Arranged Employment Opinion (AEO).<sup>16</sup> An AEO only supports an application for permanent residency; it will not result in a work permit and does not allow the person to work before receiving his or her permanent residency. An AEO is based on whether the job offer is permanent; the wages and working conditions are comparable to those offered to Canadians; and on the employment being full-time, not seasonal.

#### **Text Box B2—Integration Services for Immigrants to Quebec<sup>17</sup>**

As part of its efforts to attract immigrants and ensure they integrate successfully into the labour market and community, Quebec provides a wide array of integration services. Upon arrival in Quebec, immigrants are encouraged to meet with a Ministère de l'Immigration et Communautés culturelles (MICC) integration officer who can help with access to services. The MICC offers reception and settlement assistance services such as:

- an information session on the first steps in getting settled in Quebec
- information and counselling on job search, education, and occupational training
- an information session on Quebec's society, economy and the job market for French-speaking immigrants
- evaluation of education attained outside Quebec
- french language courses
- support for immigrant entrepreneurs
- an information session on regulated professions and occupations
- information on settlement opportunities in different regions of the province

<sup>12</sup> Canadian Federation of Independent Business 2003. Immigration and Foreign Workers: a guide for Canadian employers.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> Human Resources and Social Development Canada. 2005. Hiring Skilled Workers and Supporting their Permanent Immigration.

<sup>16</sup> Ibid.

<sup>17</sup> Government of Quebec. 2004. Taking steps to integrate successfully into Quebec.

### Text Box B3—Labour Market Opinion (LMO)<sup>18</sup>

When assessing a job offer, Human Resources and Social Development Canada (HRSDC) considers the following:

#### Occupation

HRSDC and CIC use the National Occupational Classification (NOC) system to categorize jobs based on the majority of duties the worker will perform. HRSDC also uses the NOC occupation to identify wages and labour market trends.

#### Wages and Working Conditions

HRSDC compares the wages being offered to those paid to Canadians in the same occupation based on labour market information from Statistics Canada, HRSDC, and provincial ministries, among others. If HRSDC deems that the employer is offering wages below those paid to Canadians for that job, it will not confirm the job offer. Employers must also provide working conditions consistent with federal and/or provincial standards for the occupation.

#### Advertisement and Recruitment

HRSDC requires evidence of recruitment efforts to find qualified Canadians before applying to hire from abroad. Employers must provide copies of advertisements in local and national newspapers, recognized internet job banks and job-specific and professional publications, along with receipts to show how long the advertisements were published. The advertisements must clearly show the job duties, position requirements, wages and working conditions. HRSDC may also consider evidence of recruitment of Canadians through other means such as job fairs, co-operative education programs, and apprenticeships.

#### Labour Market Benefits to Canadians

HRSDC scrutinizes the direct labour market benefits from the hiring of a foreign national. Employers' applications can be supported if they can show how the entry of a foreign national will transfer skills and knowledge to Canadians, fill a labour shortage, or directly create or retain job opportunities for other Canadians.

#### Union Consultation

If the position being filled is part of a bargaining unit, HRSDC requires:

- an explanation of the union's position on hiring a foreign national
- an indication of whether the employer has worked with union officials to identify unemployed Canadians
- confirmation that the conditions of the collective agreement will apply to the foreign worker

Further, HRSDC may contact the union for additional information when reviewing an employer's application.

#### Labour Disputes

HRSDC will not issue a work permit to an employer making an offer for a position that may affect a labour dispute, or that affects the employment of any Canadian worker involved in such a dispute.

#### Regulated Occupations

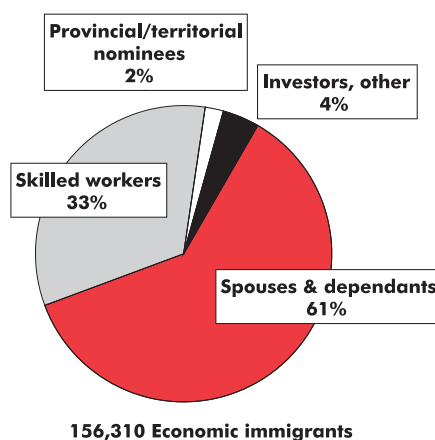
A work permit will not be issued if the foreign worker does not meet certification and licensing requirements for regulated occupations in Canada (e.g. tradespersons, physicians).

### Economic Immigration Statistics

As mentioned earlier, 60 per cent of immigrants admitted to Canada in 2005 are classified as economic immigrants (see Figure B1).

Of the 156,310 economic immigrants admitted to Canada in 2005, 33 per cent were skilled workers, while 61 per cent were actually spouses and dependents of the primary applicant (see Figure B2). Exclusive of spouses and dependants, the skilled worker category is the most common type of economic immigrant admitted to Canada. However, skilled workers represent just 20 per cent of the permanent residents admitted to Canada in 2005. Only one per cent was a provincial or territorial nominee.

**Figure B2—Economic immigrants by category, 2005**

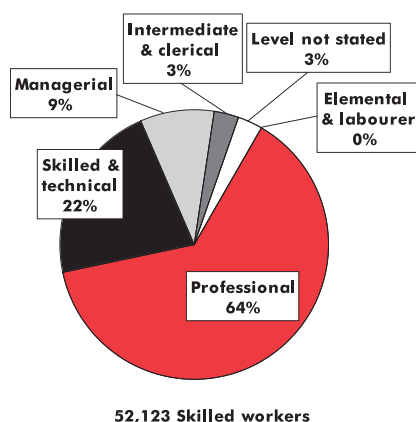


Source: Citizenship and Immigration Canada, 2005.

<sup>18</sup> Human Resources and Social Development Canada. 2003. HRSDC Assessment for Labour Market Opinion.

Figure B3 shows the occupational skill level of skilled workers admitted to Canada in 2005. Almost two-thirds were in professional occupations requiring at least a university degree. Skilled and technical occupations were the second largest group, accounting for 22 per cent. Text Box B4 shows a more detailed description of occupational skill levels employed by CIC to describe immigrants to Canada.

**Figure B3—Skilled worker economic immigrants (principal applicants only) by occupational skill level, 2005**



Source: Citizenship and Immigration Canada, 2005.

#### Text Box B4—Occupational Skill Levels<sup>19</sup>

##### **Occupational skill level:**

Five skill levels, based on the National Occupational Classification, for permanent residents 15 years of age or older as well as for foreign workers.

*Managerial* (Skill level O): Management occupations.

*Professionals* (Skill level A—occupations that usually require university education): Professional occupations in business and finance; natural and applied sciences; health; social science, education, government service, and religion; and art and culture. Educational or training requirements: university degree.

*Skilled and technical* (Skill level B—occupations that usually require college education or apprenticeship training): Skilled or technical occupations in administration and business; natural and applied sciences; health; law, social service, education, and religion; art, culture, recreation and sport; sales and service; as well as trades and skilled transport and equipment operators; skilled occupations in primary industries; and processing, manufacturing and utilities supervisors and skilled operators. Educational or training requirements: two to three years of post-secondary education, or two to five years of apprenticeship training, or three to four years of secondary school plus more than two years of on-the-job training, occupation-specific training courses or specific work experience.

*Intermediate and clerical* (Skill level C—occupations that usually require secondary school and/or occupation-specific training): Clerical occupations; assisting occupations in health services; intermediate occupations in sales and services; transport, equipment operations, installation and maintenance; primary industries; processing and manufacturing machine operators and assemblers. Educational or training requirements: one to four years of secondary school education, or up to two years of on-the-job training, training courses or specific work experience.

*Elemental and labourers* (Skill level D—occupations where on-the-job training is usually provided): Elemental sales and service occupations and labourers in construction; primary industries; and processing, manufacturing and utilities. Educational or training requirements: no formal educational requirements; short work demonstration or on-the-job training.

Ontario became home to over half of economic immigrants in 2005 (see Table B1). British Columbia and Quebec were the next most popular locations. Underlying these numbers is the concentration of immigrants in Toronto, Vancouver and Montreal. In fact, nearly three in four permanent resident immigrants settled in these three cities.

**Table B1—Economic immigrants by Province, 2005**

|                           | Number         | Per cent     |
|---------------------------|----------------|--------------|
| Ontario                   | 79,562         | 50.9         |
| British Columbia          | 30,198         | 19.3         |
| Quebec                    | 26,289         | 16.8         |
| Alberta                   | 11,130         | 7.1          |
| Manitoba                  | 5,725          | 3.7          |
| Nova Scotia               | 1,223          | 0.8          |
| Other Atlantic provinces* | 1,110          | 0.7          |
| Saskatchewan              | 1,016          | 0.7          |
| Territories               | 51             | 0.0          |
| <b>Total**</b>            | <b>156,304</b> | <b>100.0</b> |

Source: Citizenship and Immigration Canada, 2005.

\* Citizenship and Immigration Canada does not publish these statistics individually for PEI, NF and NB.

\*\* Total differs from B2 due to cases where region not stated.

<sup>19</sup> Citizenship and Immigration Canada. 2005. Facts and Figures 2005.

### Text Box B5—Manitoba's Immigration Success

From 1998 to 2005, the number of economic immigrants settling in Manitoba increased 311 per cent.<sup>20</sup> In contrast, economic immigration in the rest of the Canada (excluding Manitoba) rose 56 per cent over this period.<sup>21</sup> Compared to most other provinces, Manitoba has been proactive in the development of programs to increase provincial immigration levels. The province's success in attracting immigrants has been largely attributed to the Manitoba Provincial Nominee Program (MPNP).

Manitoba was the first province in Canada to implement such a program.<sup>22</sup> For six years following its inception in 1998, Manitoba attracted over 70 per cent of all provincial nominees landing in Canada.<sup>23</sup> In 2005, Manitoba attracted 81 per cent of its economic immigrants through the MPNP, far more than any other province.<sup>24</sup> It was also one of the first provinces to implement an immigration promotion and recruitment campaign.<sup>25</sup> In 1998, Manitoba became one of just three provinces to take full responsibility for the design and delivery of settlement programs.<sup>26</sup>

The MPNP began as a pilot program in 1998 and has evolved. In 2005, of the 8,097 immigrants to Manitoba, 4,619 (57 per cent) were Provincial Nominees.<sup>27</sup> Essentially, the MPNP selects skilled workers who have the training, work experience, and language ability to be employed and make a positive contribution to the provincial economy.

Applicants to the MPNP must clearly demonstrate that they are employable in Manitoba and have a strong potential to settle successfully and permanently. Skilled workers have the best chance of being nominated if they have: (a) training and work experience in their occupation; (b) language ability to begin working soon after arrival; and (c) settlement supports in Manitoba to assist them upon arrival.<sup>28</sup>

MPNP has a General Stream and five Priority Assessment Streams.<sup>29</sup> Priority Assessment Streams are for applicants who demonstrate the strongest potential to settle successfully and permanently in Manitoba. Applications accepted in a priority assessment stream are assessed before applications received under the General Stream.

*General Stream*—for applicants who can be assessed enough points in each assessment factor (age, education, language ability and employment experience) and can demonstrate their intention and ability to establish successfully and permanently in Manitoba.

*Employer Direct Stream*—a priority assessment stream that helps employers recruit and/or retain a foreign worker with the required skills for a position they may have been unable to fill with a permanent resident or citizen of Canada.

*International Student Stream*—a priority assessment stream for international students who have established strong ties to Manitoba and intend to live, work and establish their careers in the province.

*Family Support Stream*—a priority assessment stream for skilled workers who can demonstrate the strong support of a close relative who is successfully established in Manitoba.

*Community Support Stream*—a priority assessment stream for skilled workers who can demonstrate the strong support of an established community organization that has signed an agreement with the MPNP.

*Strategic Recruitment Initiatives*—Manitoba will consider applications from qualified applicants that enable the Province of Manitoba to meet the objectives of the Canadian Manitoba Immigration Agreement (CMIA).

<sup>20</sup> Citizenship and Immigration Canada. 2005. Facts and Figures 2005.

<sup>21</sup> Ibid.

<sup>22</sup> Government of Manitoba. 1999. Press release November 19, 1999. Immigration Agreement Expansion Announced: Manitoba to receive hundreds of additional skilled workers.

<sup>23</sup> Government of Manitoba. 2004. Press release April 23, 2004. Manitoba Immigration Strategies Yield Solid Growth: Allan.

<sup>24</sup> Citizenship and Immigration Canada. 2005. Facts and Figures 2005. and Government of Manitoba. 2005. Manitoba Immigration Facts: 2005 Statistical Report.

<sup>25</sup> Government of Manitoba. 2001. Press release February 23, 2001. Immigration To Manitoba Increasing: Barrett.

<sup>26</sup> Clement, Gerry. 2002. "The Manitoba Advantage: Opportunity and Diversity". Horizons, 5, 2, pp.16-17.

<sup>27</sup> Government of Manitoba. 2005. Manitoba Immigration Facts: 2005 Statistical Report.

<sup>28</sup> Government of Manitoba. 2005. Manitoba Provincial Nominee Program for Skilled Workers.

<sup>29</sup> Ibid.

**What has contributed to MPNP's success?**

Since the early 1980s immigration has been a priority for the Manitoba government, leading to a relatively extensive program and considerable resources devoted to the program's growth. Early on, Manitoba created an Immigration Division and was then able to create program efficiencies by coordinating adult language training, settlement and immigration activities within one department.

The program has been successful in part because it responds to local needs and does not duplicate the federal immigration system. Further, some of Manitoba's success can be attributed to the fact it was the first program established. In addition to being active in the attraction and the settlement of new immigrants, the province has emphasized flexible immigration and settlement programs. It has a formal agreement with the federal government for the provision of settlement services, to which it adds its own money. Only two other provinces—Ontario and Quebec—have such an agreement in place.

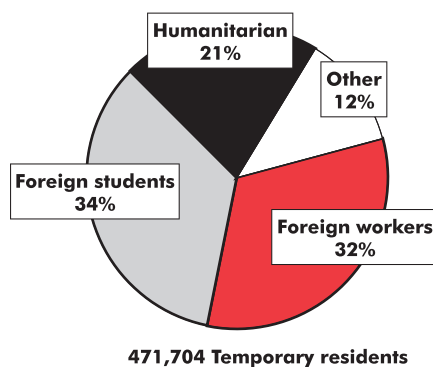
As a percentage of its population, British Columbia had the most economic immigrants. Manitoba has also been very successful in this regard. See Text Box B5 regarding Manitoba's success in attracting immigrants.

**Temporary Residents**

Canada allows the temporary entry of foreign workers, students and other visitors. The temporary resident population primarily consists of foreign workers, students and people coming to Canada for humanitarian reasons, such as temporary resident refugees.<sup>30</sup> In 2005, Canada admitted 247,143 temporary residents, 40 per cent of them foreign workers.

Because temporary residents don't all stay for the same length of time, the flow of temporary residents into Canada in a given year differs from the stock of temporary residents in Canada at a particular point in time (see Figure B4). As of December 1, 2005 there were 471,704 temporary residents living in Canada, of which 32 per cent were foreign workers.

**Figure B4—Stock of temporary residents in Canada, 2005 (as of December 1)**



Source: Citizenship and Immigration Canada, 2005.

Temporary residents are categorized based on their primary motivation for being in Canada. However, in some instances foreign students and humanitarian or other temporary residents may be granted a work permit even though their primary reason for coming to Canada is not employment related.<sup>31</sup>

In April 2006, the federal government launched a new program that allows foreign students studying in Canada to apply for off-campus work permits. This program is only available to those studying at public educational institutions. However, foreign students studying at some private college-level institutions in Quebec may be eligible depending on the amount of the public subsidy to the school.<sup>32</sup> In addition, under the Post-Graduation Work Program, foreign graduates of Canadian post-secondary institutions may be eligible to work in Canada in their field of study for two years after graduation.<sup>33</sup>

Consistent with this report's focus on economic immigration, the remainder of the discussion of temporary residency is limited to foreign workers. The following is an overview of foreign workers in Canada.

**Foreign Workers**

Foreign workers come to Canada temporarily to help employers address skill shortages. These foreign workers are generally skilled workers; that is, they fall under National Occupational Classification (NOC) skill level O, A or B (see Text Box B4). In almost all cases, foreign nationals must have a valid work permit to work in Canada. Before a permit is granted, the employer must apply for a Labour Market Opinion, or LMO (see Text Box B3).

<sup>30</sup> Citizenship and Immigration Canada. 2005. Facts and Figures 2005.

<sup>31</sup> Ibid.

<sup>32</sup> Citizenship and Immigration Canada. 2006. Work Opportunities for Foreign Students.

<sup>33</sup> Citizenship and Immigration Canada. 2006. News release April 27, 2006. Off-Campus Work Permit Program Launched.



Some permits can be issued without an LMO, such as those under the North American Free Trade Agreement and the General Agreement on Trade in Services, or intra-company transfers.<sup>34</sup> Work permits are usually granted for one to three years, and can be extended.

Spouses of skilled foreign workers may be eligible to work and minor children under 18 can attend school. The spouse of a skilled foreign worker may qualify for an “open” work permit that allows them to work for any employer. This type of permit does not require a HRSDC Labour Market Opinion.

In addition, HRSDC developed a two-year pilot project for foreign workers in lower skill occupations. While the Pilot Project for Hiring Foreign Workers in Occupations that Usually Require a High School Diploma or Job-Specific Training has the potential to be very beneficial to employers facing critical labour shortages, it is relatively unknown and underused. Under the pilot, employers may be able to recruit temporary foreign workers to fill positions in NOC skill levels C and D occupations.<sup>35</sup>

Under this program, employers must meet a long list of HRSDC and CIC requirements before hiring a foreign worker (see Text Box B6), including applying for an LMO. Unlike the standard foreign worker program, participants can only work up to 12 months and must return to their home country for four months before applying for another work permit. Further, spouses cannot get an “open” work permit. This program is also available in Quebec, but also requires a Certificat d'acceptation du Québec (Quebec Acceptance Certificate). There are also other programs for which special criteria apply to employers hiring foreign workers in sectors or occupations such as seasonal agriculture, film and entertainment, information technology and live-in caregivers.

The system is similar in Quebec where employers must apply to both HRSDC and the provincial immigration department (MICC) to hire a temporary foreign worker. Once HRSDC and MICC approve the job offer, the

employer sends a copy of the joint HRSDC/MICC confirmation letter to the foreign worker allowing them to apply for a work permit from CIC.

**Text Box B6—Guidelines for hiring foreign workers in “low skill” occupations<sup>36</sup>**

Under the Pilot Project for Hiring Foreign Workers in Occupations that Usually Require a High School Diploma or Job-Specific Training, a business may be able to hire a temporary foreign worker for intermediate and clerical or elemental and labourer occupations. Under this program, the employee can work in Canada for no more than 12 months.

First, the employer must:

- demonstrate comprehensive and ongoing efforts to recruit Canadian youth, aboriginal people, recent immigrants and Canadians in areas of high unemployment
- show efforts to hire unemployed Canadians through HRSDC and provincial employment programs
- consult with the union if the position falls under a collective agreement
- sign a contract outlining wages, duties, and conditions related to the transportation, accommodation, health and occupational safety of the foreign worker
- cover all recruitment costs related to the hiring of the foreign worker
- help the worker find suitable, affordable accommodation
- pay full airfare for the foreign worker to and from their home country
- provide medical coverage until the worker qualifies for provincial health insurance coverage
- register the worker under the appropriate provincial workers compensation/workplace safety insurance plans

**Foreign Worker Statistics**

In 2005, almost 100,000 foreign workers entered Canada (see Table B2). Ontario, British Columbia and Quebec were the top choices for temporary workers.

British Columbia accepted more foreign workers per 1,000 residents than any other province, followed by Ontario. Alberta ranked third, attracting the same number of foreign workers per 1,000 residents as the national average.

<sup>34</sup> Canadian Federation of Independent Business 2003. Immigration and Foreign Workers: a guide for Canadian employers.

<sup>35</sup> Human Resources and Social Development Canada. 2005. Pilot Project for Hiring Foreign Workers in Occupations that Usually Require a High School Diploma or Job-Specific Training.

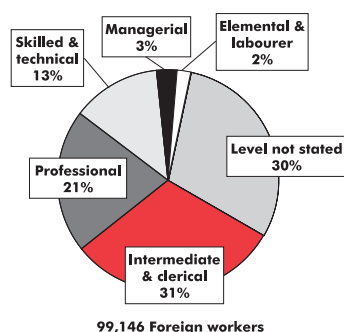
<sup>36</sup> Ibid.

**Table B2—Flow of foreign workers by Province or Territory, 2005**

|                           | Number        | Per cent      |
|---------------------------|---------------|---------------|
| Ontario                   | 43,940        | 44.3%         |
| British Columbia          | 22,917        | 23.1%         |
| Quebec                    | 15,370        | 15.5%         |
| Alberta                   | 9,938         | 10.0%         |
| Manitoba                  | 1,783         | 1.8%          |
| Saskatchewan              | 1,362         | 1.4%          |
| Nova Scotia               | 1,156         | 1.2%          |
| Newfoundland and Labrador | 1,152         | 1.2%          |
| New Brunswick             | 673           | 0.7%          |
| Territories               | 274           | 0.3%          |
| Prince Edward Island      | 134           | 0.1%          |
| Not stated                | 447           | 0.5%          |
| <b>Total</b>              | <b>99,146</b> | <b>100.0%</b> |

Source: Citizenship and Immigration Canada, 2005.

Categorized by occupational skill level, the composition of the flow of foreign workers differs from that of permanent residents. Intermediate and clerical occupations constitute a significant proportion of temporary workers and professional occupations account for less than one-quarter of temporary workers (see Figure B5). Despite HRSDC's Pilot Project for Hiring Foreign Workers in Occupations that Usually Require a High School Diploma or Job-Specific Training, only a small fraction of foreign workers are employed in elemental and labourer occupations. Nearly one-third of foreign workers were not assigned a skill level, including those waiting for permanent residency processing. CIC was not able to provide information on the approximate distribution of skill levels within this group.

**Figure B5—Flow of foreign workers by occupational skill level, 2005**

Source: Citizenship and Immigration Canada, 2005.

## SME Labour Shortages and the Skill Level of Economic Immigrants and Foreign Workers

Earlier this report discussed CFIB's findings regarding the types of workers SMEs need most. It is interesting to revisit labour shortages by skill level in the context of the economic immigrants and foreign workers coming to Canada.

CFIB asked SMEs to specify the one type of worker they need most. The responses were classified according to the National Occupational Classification (NOC). In Section A of this report, CFIB used NOC skill level descriptions to describe SME labour shortages (see Table A1). CIC also uses NOC to classify occupations of immigrants and foreign workers but in reporting immigration statistics uses an alternate wording to describe different skill levels. Table B3 shows the link between NOC skill level descriptions and those used by CIC.

**Table B3—Skill level descriptions**

| NOC Description   | CIC description           |
|---|---------------------------|
| Management occupations  | Managerial                |
| Occupations that usually require university education (Skill level A)                                 | Professional              |
| Occupations that usually require college education or apprenticeship training (Skill level B)         | Skilled and technical     |
| Occupations that usually require secondary school and/or occupation-specific training (Skill level C) | Intermediate and clerical |
| Occupations that usually require on-the-job training (Skill level D)                                  | Elemental and labourer    |

Figure B6 shows the percentage of occupations in demand by SMEs. Three groupings—skilled and technical, intermediate and clerical and elemental and labourers—together account for 91 per cent of labour shortages reported by CFIB members. This figure also shows the corresponding percentage of economic immigrants (permanent) and foreign workers (temporary) in these skill levels.

Forty-two per cent of SME labour shortages are in the skilled and technical category (see Figure B6). As was discussed in Section A of this report, a substantial

proportion of these are in the trades. In comparison, only 22 per cent of economic immigrants and 19 per cent of foreign workers that came to Canada in 2005 had occupations in this skill level category.

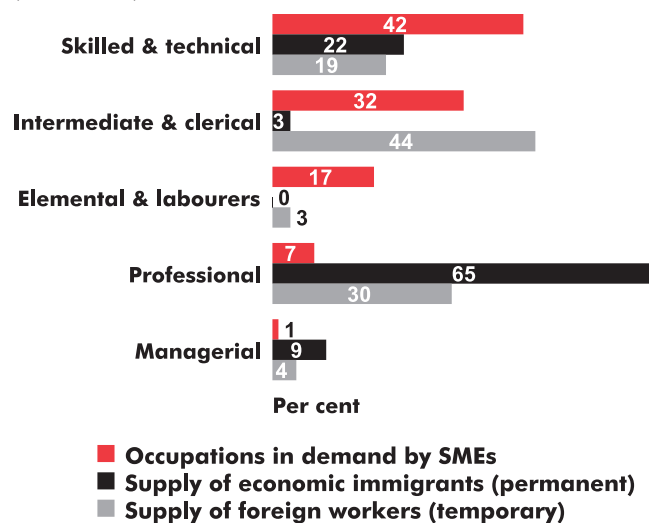
The second most common skill level required was intermediate and clerical (32 per cent). Only three per cent of economic immigrants were in this category, while 44 per cent of foreign workers were classified this way.

Elemental and labourer positions account for 17 per cent of labour shortages of SMEs. No economic immigrants and only three per cent of foreign workers were in this skill level.

Professional and managerial occupations account for only eight per cent of the labour shortage reported by SMEs. In contrast, 74 per cent of economic immigrants and 34 per cent of foreign workers are in these skill categories.

Clearly, these statistics show that the immigration system—particularly the permanent economic immigration system—does not even come close to matching the labour market needs of SMEs.

**Figure B6—SME labour shortages, economic immigrants and foreign workers, by skill level (per cent)**



Source: Citizenship and Immigration Canada, 2005 and CFIB survey data, 2006.

Note: For economic immigrants and foreign workers, the figures have been adjusted to include only those individuals who have been assigned a skill level by Citizenship and Immigration Canada.

Note: Total does not equal 100% due to rounding.



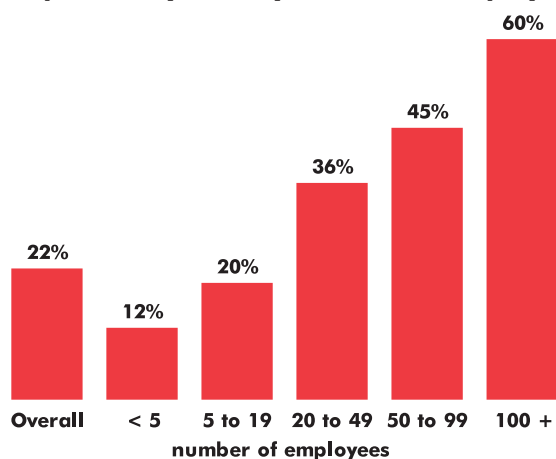
## Section C: The Experience of SMEs in Hiring New Immigrants

CFIB's survey included a number of questions specific to immigration to collect information on the experience of small- and medium-sized businesses in hiring immigrants and foreign workers.

For the purpose of this survey, CFIB used the term "new immigrant" to describe people who have lived in Canada for five years or less and wish to reside permanently in Canada, as well as temporary foreign workers who are in Canada to work for a limited period of time. CFIB recognizes that government agencies often distinguish between permanent immigrants and temporary foreign workers, but CFIB made this distinction in later questions.

Of respondents that have hired or attempted to hire in the past five years, 22 per cent said they had hired a new immigrant (see Figure C1). The overall survey results conceal considerable differences by size of business. While 12 per cent of businesses with fewer than five employees said they hired a new immigrant in the past five years, 60 per cent with more than 100 employees said they have done so.

**Figure C1—SMEs that have hired a new immigrant in the past five years, by number of employees**



Source: CFIB Point of View on Labour Shortages and Immigration Survey, July 2006

Businesses in urban areas were more likely than those in rural areas to say that they had hired a new immigrant in the past five years. These numbers were

highest in Toronto, Vancouver and Montreal. This is not surprising considering the number of immigrants settling in these cities.

### Types of New Immigrants Hired by SMEs

CFIB asked survey respondents to categorize the new immigrant(s) they hired into one of three pre-defined categories:

- The immigrant was already in Canada and had permission to work. For example, a permanent resident who was already in Canada as a skilled worker.
- A foreign worker in Canada to work for a limited period of time.
- The business was involved in bringing the new immigrant to Canada. Examples of employer involvement are an employer that used a provincial nominee program or a business that supported a person's application for permanent immigration by extending an offer for a permanent job.

Because businesses can hire multiple types of immigrants, the survey question allowed the respondent to select as many categories as was applicable for their business. However, only 11 per cent of respondents said that they hired more than one category of immigrant.

By far the most common response was an immigrant that was already in Canada and had permission to work. Eighty-four per cent of respondents that hired a new immigrant in the past five years employed someone who was already in Canada and had permission to work (see Table C1). Only 16 per cent said they hired a foreign national who was in Canada to work for a limited period of time. Those in the agricultural and resource sectors of the economy were much more likely to have hired a foreign worker. Only nine per cent responded that their business was involved in bringing the new immigrant to Canada on a permanent basis.

**Table C1—Types of new immigrants hired by SMEs**

|  | % response |
|--|------------|
| The immigrant was already in Canada and had permission to work   | 84%        |
| Foreign worker in Canada to work for a limited period of time    | 16%        |
| My business was involved in bringing the new immigrant to Canada | 9%         |

## Recruiting Methods

When asked how they recruited new immigrants, respondents most often said that the person approached their business for employment (see Table C2). The next most common methods were the same process used for other staff and referrals from existing new immigrant staff.

**Table C2—Methods of recruiting new immigrants**

|   | % response |
|---|------------|
| They approached my business for employment                          | 59%        |
| Hired through the same process as other (non-immigrant) staff       | 40%        |
| Referrals from existing staff who are new immigrants                | 26%        |
| Used a government program or a local, non-profit immigration agency | 12%        |
| Other   | 6%         |
| Ad in a publication or newspaper targeted at ethnic group           | 6%         |
| Used a paid immigration consultant, lawyer                          | 3%         |

Compared to medium-sized businesses, those with fewer than five employees were considerably less likely to recruit via referrals from existing new immigrant staff and slightly less likely to hire through the same process as other, non-immigrant, staff (see Table C3).

**Table C3—Methods of recruiting new immigrants, small businesses compared to medium sized**

|  | % response     |      |
|--|----------------|------|
|  | # of employees |      |
|  | < 5            | 50 + |
| They approached my business for employment | 55%            | 63%  |

|  |      |     |
|--|------|-----|
| Hired through the same process as other (non-immigrant) staff      | 34%  | 46% |
| Referrals from existing staff who are new immigrants               | 19%  | 42% |
| Used a government program or a local non-profit immigration agency | 10%  | 11% |
| Other  | 9%   | 5%  |
| Ad in a publication or newspaper targeted at ethnic group          | 6%   | 8%  |
| Used a paid immigration consultant, lawyer                         | 0.5% | 5%  |

Breaking down the results by the type of new immigrant hired, CFIB's survey results suggest respondents involved in bringing in a new permanent immigrant were more likely to have used a paid immigration consultant. Further, respondents who hired a temporary foreign worker were more likely to have used a government program or a non-profit agency.

## Problems with the Immigration System

A significant majority of SMEs that hired a foreign worker or were involved in bringing the new immigrant to Canada encountered problems when dealing with the system (see Table C4).

**Table C4—Percentage of respondents that encountered problems with the immigration system, by type of immigrant hired**

|  | % encountering problems |
|--|-------------------------|
| The immigrant was already in Canada and had permission to work   | 36%                     |
| Foreign worker in Canada to work for a limited period of time    | 72%                     |
| My business was involved in bringing the new immigrant to Canada | 82%                     |

An SME owner whose experience hiring new immigrants is limited to hiring a person already in Canada with permission to work might not have a great deal of experience with the immigration system. Therefore, this group of respondents is omitted from the following discussion of problems encountered by SMEs.<sup>37</sup> Of businesses that were involved in bringing in a new immigrant, the top two problems were processing delays in foreign embassies

<sup>37</sup> For this part of the analysis, CFIB excluded cases in which the respondent hired more than one type of new immigrant.

and the complexity of the system and the burden of paperwork (see Table C5).

**Table C5—Top five problems with the immigration system, SMEs involved in bringing in a new immigrant through the permanent immigration system**

|   | % response |
|---|------------|
| Delays in processing applications/backlog in foreign embassies        | 76%        |
| System is too complex, paperwork                                      | 49%        |
| Advertising requirements to demonstrate hiring difficulties in Canada | 41%        |
| Costs are too high (e.g. recruiting, consultants, fees)               | 26%        |
| Onerous system for government to evaluate my firm's salary levels     | 25%        |

Table C6 lists the top five problems faced by firms that hired a temporary foreign worker. Sixty per cent said processing delays in foreign embassies were a problem. For these businesses the second most commonly cited problem was keeping people who have temporary status, closely followed by the complexity of the system and paperwork burden.

**Table C6—Top five problems with the immigration system, SMEs that hired a temporary foreign worker**

|  | % response |
|--|------------|
| Delays in processing applications/backlog in foreign embassies                   | 60%        |
| Keeping new immigrants who have temporary status                                 | 41%        |
| System is too complex, paperwork   | 38%        |
| Advertising requirements to demonstrate hiring difficulties in Canada            | 34%        |
| My industry/sector not recognized by government as one in need of new immigrants | 25%        |

Small- and medium-sized businesses face significant red tape with Canada's immigration system. The costs of red tape fall disproportionately on small firms and immigration programs are no exception. For many years CFIB has advocated a reduction in government paper burden. In addition to a recent major study on the costs of red tape,<sup>38</sup> CFIB is a key participant on the federal government's Advisory Committee on Paperwork Burden Reduction.

## Real Life Stories from SMEs

Consistent with the survey results, many operators of small- and medium-sized businesses expressed frustration with red tape, delays and the complexity of the system. However, there were some positive reports as well. A selection of comments is provided in Text Box C1.

## Integrating New Immigrants

Respondents who hired a new immigrant in the past five years were asked about problems they had integrating them into their workplace or community. Just over half of all respondents said they encountered problems. This was consistent across the type of immigrant hired with the exception of those hiring foreign workers (see Table C7).<sup>39</sup> More than half of those who hired a foreign worker in the past five years said they had no integration problems.

**Table C7—Percentage of respondents that encountered problems integrating new immigrants, by type of immigrant hired**

|  | % encountering problems |
|--|-------------------------|
| The immigrant was already in Canada and had permission to work   | 57%                     |
| Foreign worker in Canada to work for a limited period of time    | 46%                     |
| My business was involved in bringing the new immigrant to Canada | 59%                     |

For those who encountered problems, the number one issue was language, regardless of the type of immigrant hired (see Table C8). The results indicate that language barriers are less frequently a problem for employers involved in the immigration process in some way.

**Table C8—Percentage citing language barriers, of respondents encountering problems, by type of immigrant hired**

|  | % citing language barriers |
|--|----------------------------|
| The immigrant was already in Canada and had permission to work   | 80%                        |
| Foreign worker in Canada to work for a limited period of time    | 63%                        |
| My business was involved in bringing the new immigrant to Canada | 39%                        |

<sup>38</sup> Canadian Federation of Independent Business 2005. Prosperity Restricted by Red Tape.

<sup>39</sup> For this part of the analysis, CFIB excluded cases in which the respondent hired more than one type of new immigrant.

The next most frequently cited problems were relationships with other workers due to cultural/religious differences and evaluating foreign credentials (see Table C9).

**Table C9—Problems integrating immigrants into the workplace or community, SMEs that hired an immigrant already in Canada**

|   | % response |
|---|------------|
| Language barriers   | 80%        |
| Relationships with other workers due to cultural/religious differences        | 28%        |
| Evaluating foreign credentials  | 21%        |
| Lack of services to help new immigrants/families integrate into the community | 9%         |
| Lack of new immigrants in my community  | 8%         |
| Immigrant's family members are not able to work                               | 5%         |
| Other   | 3%         |

The problems encountered by SMEs that hired a foreign worker are broadly similar to those faced by businesses that hired a permanent resident already in Canada with permission to work. However, those that hired a foreign worker were more likely to say that relationships with other workers due to cultural/religious differences were a problem (see Table C10). They were also slightly more likely to identify the inability of immigrant's family members to work and lack of services to help new immigrants as problems.

**Table C10—Problems integrating immigrants into the workplace or community, SMEs that hired a temporary foreign worker**

|   | % response |
|---|------------|
| Language barriers   | 63%        |
| Relationships with other workers due to cultural/religious differences        | 40%        |
| Evaluating foreign credentials  | 26%        |
| Lack of services to help new immigrants/families integrate into the community | 21%        |
| Lack of new immigrants in my community  | 19%        |
| Immigrant's family members are not able to work                               | 18%        |
| Other   | 1%         |

## Assistance to New Immigrants

Moving to a new country often means leaving family, friends and a familiar culture behind. Moreover, new immigrants often face significant financial costs in coming to Canada. Many small firms try to make things easier for new immigrants by providing some assistance.

Of those businesses that hired an immigrant who was already in Canada with permission to work, 49 per cent said they provided mentorship and social activities (Table C11). Nearly one-third (32 per cent) offered language classes and 28 per cent provided settlement assistance such as help finding accommodation.

**Table C11—Actions taken to ease the transition of immigrants into the workplace or community, SMEs that hired an immigrant already in Canada**

|   | % response |
|---|------------|
| Mentorship/social activities                                    | 49%        |
| Offered language training                                       | 32%        |
| Assisting with settlement (e.g. finding accommodation, banking) | 28%        |
| Other   | 17%        |
| Cultural awareness training for existing employees              | 16%        |

Compared to those who hired an immigrant who was already in Canada, firms involved in bringing in a new immigrant and those who hired a foreign worker were considerably more likely to provide settlement assistance (see Tables C12 and C13).

**Table C12—Actions taken to ease the transition of immigrants into the workplace or community, SMEs involved in bringing in a new immigrant**

|   | % response |
|---|------------|
| Assisting with settlement (e.g. finding accommodation, banking) | 84%        |
| Mentorship/social activities                                    | 53%        |
| Offered language training                                       | 20%        |
| Cultural awareness training for existing employees              | 12%        |
| Other   | 8%         |

**Table C13—Actions taken to ease the transition of immigrants into the workplace or community, SMEs that hired a temporary foreign worker**

|   | % response |
|---|------------|
| Assisting with settlement (e.g. finding accommodation, banking) | 72%        |
| Mentorship/social activities                                    | 48%        |
| Offered language training                                       | 23%        |
| Cultural awareness training for existing employees              | 14%        |
| Other   | 9%         |

**Text Box C1—Real Life Stories****On Canada's immigration system...**

*"The government needs to be more honest with potential immigrants as to what Canada has to offer. Many come here with skills and degrees that are not recognized in Canada thereby forcing these professions to accept unskilled placements where they will never be happy. Our company has invested a great deal in training new employees only to have them become disillusioned with what Canada has to offer and return to their countries of origin."*

—CFIB member, Toronto, Ontario

*"We have looked seriously at immigrants, however the process and red tape to bring them here in a reasonable time frame is too long. The government has to get with the program and streamline these procedures, not only for the potential worker but for their families as well."*

—CFIB member, New Brunswick

*"The immigration process for immigrants who already have a job offer should be much faster."*

—CFIB member, Nova Scotia

**On hiring foreign workers...**

*"The current system takes too long (average 3 months). If HRDC issues a favourable Labour Market Opinion for a particular industry, it should be valid for use by other employers in the same industry for at least one year. Employers should not have to repeat the process and show that it is difficult to recruit. This wastes time and money and the opportunity to recruit the right person."*

—CFIB member, Vancouver, BC

*"There is a tremendous shortage of labour in rural Alberta and it is next to impossible to find suitable labour. We are attempting to bring in foreign workers and have been approached by several who have excellent resumes and a sincere interest to work in Canada for a period of time and then return home. The process is onerous and very frustrating. In the meantime we have been forced to reduce the size of our operation due to labour shortages."*

—CFIB member, Central Alberta

*"Our business has hired landed immigrants in the past and had positive experiences. Having immigrants in the team contributes greatly to the work environment. We were recently contacted by five foreign nationals who wanted to work in Canada as temporary workers and our company tried to recruit them. Due to a slow and inadequate response from the immigration system we were unsuccessful. We did all the paperwork on our own and found the process to be very complex. In particular, dealing with HRSDC and trying to prove that our company was offering high enough wages was very difficult. In the end, the process was not completed in time for the workers and we missed a chance to fill our vacant positions. After this experience, we probably will not try to hire temporary workers again."*

—CFIB member, Northeastern Ontario

**On attaining work permits...**

*"Processing of work permits should be made easier, done by local people that know the local situation."*

—CFIB member, Central Alberta

**On settlement programs...**

*"It is important to have programs to help immigrants settle into rural areas and to feel welcome ... present programs are insufficient."*

—CFIB member, Nova Scotia

*"Services that help in hiring immigrants do not seem to be well equipped to refer the kind of workers we need. The data bank seems to contain only very highly qualified workers while we need people who are capable of doing "physical" work, like sawmill labourers. In addition, hiring an immigrant requires the social involvement of several integration agencies and these are not available even in small communities that are situated just outside Montreal."*

—CFIB member, Val-d'Or, Quebec

**On the BC Provincial Nominee Program...**

*"The BC provincial nominee program has been a big help. The province was quicker to recognize that there was a labour shortage in our area. We were able to fill the position in six months. The federal skilled worker program would have taken much longer. Without the highly skilled worker we were able to recruit, we simply would not be able to produce at our current level."*

—CFIB member, Okanagan region, BC



# Section D: Improving Canada's Immigration System: Principles, Recommendations and Conclusions

The following principles touch on broad economic and public policy objectives of importance to the small- and medium-sized business sector and, indeed, all Canadians. Some of them are directly related to economic immigration policies while others are indirectly related. Following each principle are detailed recommendations on how these objectives may be achieved.

## A. Consider Immigration as One of Many Solutions to Labour Shortages

*Reform to immigration policies is only one way to help improve labour shortages. Governments, the business community and other stakeholders should put increased effort into tapping the labour force potential of aboriginal communities, disabled persons and seniors. Further, governments should revisit policies and programs that may serve as a disincentive for people to enter, remain or make changes in the labour market.*

A1. While focusing on the potential of immigration as a solution to skills and labour shortages is appropriate, extra efforts should be made to tap other pockets of the potential labour force, including aboriginal and disabled Canadians and the growing pool of seniors.

A2. Governments should focus on tax reductions, particularly payroll based taxes, for businesses to free up resources for salaries and training.

A3. Governments should review policies and programs, such as Employment Insurance and labour legislation, to ensure they assist, rather than inhibit, active participation in the labour force.

## B. Shorten the Connection Between Employers and Immigrants, including Temporary Workers

*Currently, one of the main stumbling blocks to small business use of the immigration system is the view that the*

*system takes many months or years and that employers only play a small role in the process. Increasing the importance of a job offer in the permanent immigration system, shortening processing times and creating stronger links between the temporary and permanent immigration systems would play a major role in building confidence in the process.*

B1. Governments should rebalance the immigration system so that a greater proportion of immigration is linked to established employment opportunities in Canada. Provincial and Territorial Nominee Programs (PNPs) in which nominee immigrants are recruited by an employer and have a valid job offer may be a way to achieve this objective.

B2. The federal government should consider reworking the points system for the Skilled Worker Program to place more emphasis on areas valued by Canadian employers, as had recently occurred in Quebec. Research has shown that the most serious problem working-age immigrants faced when trying to secure employment was lack of experience in a Canadian workplace, even after two years after arriving in Canada.<sup>40</sup> Employers tend to value job applicants with experience in a Canadian workplace and are ill equipped to properly evaluate foreign work experience. Research has shown that a year of foreign work experience was found to be worth about one-third the value of Canadian experience.<sup>41</sup> In the current system, 21 per cent of total points available are awarded to foreign work experience, versus a weight of only six per cent in Australia.<sup>42</sup>

B3. Government should consider putting greater focus on the assessment of language skills within the points system for skilled workers. An immigrant with general language skills may score enough points to gain admission but may not have the language skills required in the workplace. In contrast, vocational level language skills are mandatory in Australia.<sup>43</sup>

<sup>40</sup> Statistics Canada. 2005. Longitudinal Survey of Immigrants to Canada: progress and challenges of new immigrants in the workforce 2003.

<sup>41</sup> Alboim, Naomi, Ross Finnie and Ronald Meng. 2005. The Discounting of Immigrants' Skills in Canada: evidence and policy recommendations.

<sup>42</sup> Richardson, Sue and Laurence Lester. 2004. A Comparison of Australian and Canadian Immigration Policies and Labour Market Outcomes.

<sup>43</sup> Ibid.

B4. The government should strive to improve the assessment of foreign credentials of skilled workers. The second most serious problem working-age immigrants faced when trying to secure employment was lack of acceptance or recognition of foreign qualifications or work experience.<sup>44</sup> CFIB is pleased to note the 2006 budget announcement to work with the provinces on a new agency to support the assessment and recognition of foreign credentials.

B5. Temporary foreign worker and permanent economic immigration programs should be complementary rather than separate programs. Currently, many steps in the temporary foreign worker program are designed to prevent labour market attachment, rather than encourage it.

B5.1 Governments should consider making better use of temporary foreign workers as a step to permanent residency.

B5.2 Governments should facilitate, wherever feasible, a person's desire to work in Canada before or during the processing of an application for permanent residence.

B5.3 Governments should be more flexible in allowing people with temporary work permits gain permanent resident status. For example, Manitoba enables foreign students with temporary work visas to apply for permanent residency through the Manitoba PNP. Alberta uses its nominee program to convert temporary foreign worker status to permanent status. Quebec has also made positive changes on this issue.

### **C. Better Match Labour Market Needs, Including Lower Skilled Occupations**

*A healthy and prosperous economy requires workers of all types and all skill levels. Economic immigration policies must reflect this reality. The current system must be reformed to allow better access for foreign workers and economic immigrants to lower skilled or entry-level jobs, where labour shortages are particularly acute.*

C1. To make the immigration system work for SMEs, governments must ensure that the types of immigrants allowed to work in Canada on a

temporary and permanent basis more closely follow the skill levels needed by employers of all sizes, including lower-skilled and entry-level occupations. Currently, the system is heavily biased towards highly educated and skilled immigrants, regardless of their employment prospects. Quebec has recently made progress on this issue.

C2. Government should improve, expand and make permanent the current Pilot Project for Hiring Foreign Workers in Occupations that Usually Require a High School Diploma or Job-Specific Training to expand the pool for employers in need of lower-skilled and entry-level workers.

C2.1 Increase the maximum length of the work term from 12 months to no less than two years.

C2.2 Eliminate the requirement for workers to leave Canada for four months before they can return to work.

C2.3 Relax the onerous employer requirements, such as the requirement to pay return airfare or allow employers to recover a portion of employees' airfare through payroll deductions, as is currently allowed under the Seasonal Agricultural Worker Program.

C2.4 Make temporary workers eligible to apply for Permanent Residency after a certain length of time.

C3. The government should automatically allow spouses of all temporary foreign workers access to the labour market. Currently only spouses of certain categories of temporary foreign workers are allowed to work. Such a move would expand the pool of workers for employers requiring all skill levels and increase the connections to Canada of immigrant families.

C4. The government should give working age children of all foreign workers the opportunity to work. At present, children of foreign workers are not permitted to work. Working age children would not only be able to earn some money but would gain some valuable work experience. Employers would also benefit from an additional source of labour.

<sup>44</sup> Statistics Canada. 2005. Longitudinal Survey of Immigrants to Canada: progress and challenges of new immigrants in the workforce 2003.



C5. The government should make it easier for foreign students to participate in the Canadian job market. Students of private training institutions should be able to obtain a work permit in the same way as students of public institutions. CFIB is pleased with the recently introduced Off-Campus Work Permit Program, which allows approximately 100,000 foreign students currently studying in Canada to apply for off-campus work permits. CFIB is also encouraged by other initiatives such as the Post-Graduation Work Program, under which foreign student graduates of Canadian post-secondary institutions may be eligible to work in Canada in their field of study for two years after graduation. Further, rules should be simplified and these programs should be well publicized so that employers are aware of this potential pool of new workers.

#### **D. Reduce Immigration Red Tape**

*Reforms to economic immigration programs must be considered as part of a larger strategy to reduce the red tape and paperwork burden on businesses, a major source of concern for SMEs. The costs of red tape fall disproportionately on small firms and immigration programs are no exception. Many process steps were designed in a time of much higher unemployment and may not be necessary today.*

D1. The federal government should make it easier and faster for employers to hire temporary foreign workers and immigrants by revisiting the requirement of Labour Market Opinions. In several areas, unemployment rates are below five per cent. When labour markets are tight and labour shortages are so severe that businesses are suffering economic losses, a Labour Market Opinion should not be required. While the recent announcement in BC and Alberta to create a list of occupations for reduced red tape is very promising, compulsory Labour Market Opinions combined with HRSDC's frequent inability to conduct them in a timely fashion puts undue hardship on foreign workers, immigrants and businesses alike.

D1.1 HRSDC should ensure that a full-scale Labour Market Opinion is not always necessary, as has been announced in BC and Alberta.

D1.2 HRSDC should consider increasing the number of occupations that are exempt from Labour Market Opinions.

D1.3 HRSDC should consider implementing "negative optioning." Unless a convincing case can be made that a certain field has a surplus of workers, it would be assumed that a Labour Market Opinion is not required.

D1.4 HRSDC should consider eliminating the requirement that employers' wage levels are reviewed. SME employers offer many intangibles that workers value highly but are not part of measurable compensation (e.g. flexibility for personal needs, strong on-the-job training opportunities, better relations among employees and between managers and employees). A review of wages does not take this into consideration and may be unfair to smaller employers. Besides, all employers must follow provincial and federal labour legislation, which provide protection for new immigrants and foreign workers. At the very least, HRSDC should ensure that small businesses are not expected to pay the same salary levels as larger firms.

D2. Governments should ensure that information concerning the rules and procedures structuring all economic immigration streams is accessible, clear and complete. Employers and economic immigrant applicants must have easy access to comprehensive information on the requirements governing economic immigration. They must have access to the information that will enable them to fulfill the requirements of the immigration system, ultimately increasing their chances of submitting successful applications. The recently announced guide for employers is a promising step in this process.

#### **E. Focus on the Trades**

*In the current system, there is a disconnect between the labour market profile of new immigrants coming to Canada and the occupations in demand by Canada's small- and medium-sized businesses. Greater emphasis must be placed on established job opportunities for applicants with training in the trades or technical skills.*

E1. Governments should ensure that the immigration system and foreign worker programs support immigrants seeking opportunities in the trades. As evidenced by CFIB's research, many Canadian employers are facing a shortage of these types of workers. It should also be noted that integration into these positions may be easier for these workers than for those in other positions.

E2. The federal government should consider creating a separate immigration stream with more emphasis on job offers for immigrants with trades and technical skills rather than those with university degrees. This type of program could be delivered under Provincial and Territorial Nominee Programs, which, like Quebec's system, already have several advantages over the skilled worker system. Nominee programs are better able to bring workers to address specific provincial and regional labour shortages and have faster processing times. Compared to Australia, qualifications of skilled worker immigrants to Canada are more highly skewed to university degrees. A higher proportion of migrants to Australia held a diploma, certificate or trade qualification.<sup>45</sup> A separate stream may help ensure those with trades and technical skills are not systematically overlooked.

E3. Governments should consider implementing a special status for experienced foreign trades people (e.g. journeymen), allowing them to work for a while in Canada before fully evaluating their credentials.

## **F. Enhance Canada's Prosperity through Economic Immigration**

*Canada's economic performance in terms of economic growth and job creation has been unequalled among G-7 countries in recent years. At the heart of this prosperity is the SME sector. Economic immigration policies must build on the strengths of SMEs and help ensure Canada's continued prosperity. A lack of focus on economic immigration has contributed to many serious problems such as long delays in processing applications and a seemingly overwhelming backlog at foreign embassies. With appropriate planning,*

*improvements and investment in the immigration system may help prepare the economy for demographic trends such as Canada's ageing population and limited labour force growth.*

F1. Reducing the growing backlog of applications should be a high priority for government. The backlog of people wanting to come to Canada has grown to 800,000 people.<sup>46</sup>

F1.1 The federal government should consider devoting short-term resources to reduce the backlog of applications. For example, a temporary processing office could be set up for the sole purpose of processing the backlog.

F1.2 The government should improve CIC's capacity to process applications in a timely fashion.<sup>47</sup> Delays at CIC Case Processing Centres in Canada and visa offices outside Canada cause immigrants and employers alike to face unnecessary hardships. These delays mean that it sometimes takes up to 10 weeks for CIC to address even the most basic questions or issues regarding an application. While CFIB recognizes there has been a large increase in the number of applications for temporary visas (e.g. tourists, students), the government must ensure that CIC has the capacity to efficiently process applications. CFIB is pleased CIC will set up new offices in Calgary and Vancouver to provide advice to employers who plan to hire temporary foreign workers exempt from the labour market confirmation process and pre-screen supporting documents from employers to streamline the applications of workers.<sup>48</sup>

F1.3 The government should consider other methods to address the backlog of applications. For example, refunding fees to potential immigrants who withdraw older applications or giving applicants with job offers priority over other economic immigrants may address some of the backlog. Additionally, applicants could be offered the chance to enter as a temporary worker to give

<sup>45</sup> Richardson, Sue and Laurence Lester. 2004. A Comparison of Australian and Canadian Immigration Policies and Labour Market Outcomes.

<sup>46</sup> Citizenship and Immigration Canada. 2006. Speech by The Honourable Monte Solberg.

<sup>47</sup> See <http://www.cic.gc.ca/english/department/times/index.html> for up to date processing times.

<sup>48</sup> Citizenship and Immigration Canada. 2006. News release July 31, 2006. Canada's new government helps to match foreign skilled workers with companies in need.

their application for permanent residency priority.

F2. Governments at all levels should work more cooperatively with each other and with existing agencies to improve settlement service. (e.g. labour market access services, adult language training, orientation and settlement counselling). Improvements could include: simplifying the administration of services; ensuring services are accountable, efficient and effective; and eliminating overlap between programs. While CFIB is pleased with the federal plan to add \$307 million to settlement funding over the next two years, these new resources must be used effectively and targeted to those programs that are best suited to help new immigrants successfully integrate into the community and workplace.

F3. Governments should encourage the regional dispersion of economic immigrants by attracting more immigrants to areas other than Toronto, Montreal and Vancouver. The Standing Committee on Citizenship and Immigration recommended that Provincial and Territorial Nominee Programs play a greater role in encouraging immigration in all regions.<sup>49</sup> The Manitoba Provincial Nominee Program has been successful in attracting and retaining immigrants. A CIC survey of nominee program participants in 2001-2002 said 90 per cent of immigrants who settled in Manitoba continued to live there.<sup>50</sup>

## **G. Increase Local Involvement to Improve Flexibility and Responsiveness**

*Economic immigration programs must put increased emphasis on regional, provincial and local economic conditions. Introducing greater levels of flexibility and responsiveness will improve the effectiveness of economic immigration programs. As it is extremely difficult for a national government to fully understand all the nuances of local labour markets across Canada, additional involvement from provincial and territorial governments can be a significant asset.*

G1. The federal government should strive to make economic immigration programs more flexible and

place more emphasis on the needs of local labour markets and a person's adaptability and ability to integrate. Federal economic immigration policies were not developed to react quickly to the tight labour market conditions currently facing many areas of the country. Encouraging greater provincial and territorial involvement through nominee programs would help address this.

G2. Governments should ensure that flexibility and responsiveness to local needs are central to all economic immigration programs. Local employment centres, such as those operated by the federal government, could be used strategically in this regard.

G3. Provinces and territories facing skills and labour shortages should make immigration a priority. This may involve dedicating resources to get provincial nominee programs up and running or expanding existing nominee programs. Programs in Quebec and Manitoba have many features to consider.

G3.1 Nominee programs should be actively promoted to employers and prospective immigrants.

G3.2 Programs should be designed to respond to process applications quickly. Typically, provincial nominee applications take less time for visa officers to process as the destination province has already reviewed them.<sup>51</sup>

G3.3 Provincial Nominee Program selection processes should be designed to nominate individuals who will best integrate into the local labour market. For example, Manitoba has developed priority streams for applicants who can demonstrate the strongest potential to settle successfully and permanently in the province. These priority assessment stream applications are assessed before those received under the General Stream. A program similar to Manitoba's Employer Stream may help shorten the connection between employers and potential immigrants. Manitoba's Family Support Stream considers an applicant who meets the minimum employability requirements so long as he/she has

<sup>49</sup> Government of Canada, 2003. Report of the Standing Committee on Citizenship and Immigration. The Provincial Nominee Program: a partnership to attract immigrants to all parts of Canada.

<sup>50</sup> Ibid.

<sup>51</sup> Ibid.

the support of a close relative who is successfully established in Manitoba. The requirements for this stream are moderate compared to those of the federal Skilled Worker Program for Permanent Residents.

G3.4 Provinces should consider combining local economic and labour market knowledge with “positive discretion” in the assessment of nominee applications to ensure that credible candidates are not overlooked.

G4. Provinces should endeavour to develop and/or strengthen positive working relationships with CIC to enhance the effectiveness of their nominee programs. For example, Manitoba has been able to achieve flexibility in negotiating with the federal government on levels of immigration to the province.

G5. Provinces and territories should work with the federal government to gain more autonomy over settlement funding, allowing them to react better to local settlement issues.

## **H. Help Prepare for Business Succession through Immigration**

*Given the demographics of those who own and operate small- and medium-sized businesses, there is considerable concern over the economic and social impact of their retirements. In the next 10 years, a majority of SME owners intend to exit their businesses, mainly due to retirement.<sup>52</sup> As a result, as many as two million jobs could be affected. Attracting motivated and entrepreneurial workers and business people from around the world may help turn these risks into opportunities for new immigrants, small business owners, their employees and the economy in general.*

H1. Governments should strive to attract more entrepreneurial workers and qualified business people from around the world who are interested in purchasing existing Canadian businesses.

## **I. Strengthen Border Security**

*Improvements to economic immigration policy must take border security into consideration, making the system*

*as secure as possible without introducing unreasonable delays and processing requirements. Further, changes to economic immigration policies must bear in mind the important relationship between the United States and Canada in terms of economic ties, international trade and border security.*

I1. The government should have in place sufficient qualified immigration personnel to make sure that security checks on foreign worker and permanent resident applicants are of the highest quality.<sup>53</sup>

## **J. Employers Should Consider Their Role in Hiring/Retaining Immigrants**

*While stories about the difficulties of using the immigration system abound, employers should test these theories and consider immigration as a viable option to address their skills and labour shortages. Employers must also recognize that immigration may never be an inexpensive quick fix and do what they can to change workplace practices to better employ this important and growing portion of the labour force.*

J1. Employers should not assume the immigration process is not a viable option to address labour market challenges.

J2. Employers should consider Provincial Nominee Programs (if one exists in their province) or the selection process in Quebec.

J3. Employers should review job requirements to ensure immigrants have a good chance of a successful application or promotion.

J4. Employers should consider different options in recruiting new immigrants:

- using ethnic or informal networks
- seeking referrals from existing immigrant employees
- overseas ads, missions or international trade magazines

J5. Employers should encourage family to join a new immigrant to increase their attachment to Canada.

J6. Employers should ensure they assist in greeting and integrating a new immigrant, including help with

<sup>52</sup> Canadian Federation of Independent Business, 2005a.

<sup>53</sup> Coalition for Secure and Trade-Efficient Borders, Rethinking our Borders: beyond the plan.



transitional issues. New immigrants will have many needs when they first come to Canada. For example:

- finding accommodation;
- transportation;
- accessing banking services;
- shopping for food;
- enrolling children in school; and,
- obtaining medical coverage and emergency health services.

J7. Employers should create a “built in” support network by hiring multiple immigrants from the same ethnic community.

J8. Employers should consider assisting temporary workers obtain permanent status to create a lasting bond.

J9. Employers should develop and cultivate relationships with community organizations, immigrant resource centres or volunteer groups dedicated to the needs of immigrants.

J10. Employers should consider the financial and social costs immigrants have faced in coming to Canada as a permanent resident or as a foreign worker. Moving to a new country usually means leaving family, friends and a familiar culture behind.

## Conclusions

CFIB’s extensive research, including consultation with immigration officials, consultants, immigrant service agencies and small business owners revealed numerous ways in which the system can be improved.

Small- and medium-sized businesses often feel shut out of the immigration process as the system—particularly the permanent immigration system—is heavily biased towards highly educated and skilled immigrants, regardless of their employment prospects. While there is no doubt that Canada benefits from immigrants in these categories, Canadian employers are also increasingly short of trades people and those in lower-skilled occupational categories.

The federal government’s current Skilled Worker points system is working for neither smaller employers

nor many immigrants. Putting greater emphasis on established job opportunities and job offers—especially for those with technical skills or training in the trades—is one way of mending the system.

Foreign worker programs should be used more strategically and viewed as a complement to the permanent immigration system. Using temporary worker programs as a bridge to permanent residency can provide significant benefits to employers and employees alike. For example, a period spent as a temporary foreign worker can provide potential immigrants with valuable Canadian work experience. In addition, the Provincial and Territorial Nominee Programs and the Pilot Project for Hiring Foreign Workers in Occupations that Usually Require a High School Diploma or Job-Specific Training show great promise and should be expanded. This latter program has a great deal of potential to help address critical shortages of entry-level labour, but is not well known nor widely used. Spouses and children of foreign workers are often barred from working, preventing their attachments to the Canadian labour force while denying employers access to their skills and contributions.

Processing delays and the complexity of the system and paperwork are troubling to SMEs. For example, the various requirements of HRSDC Labour Market Opinions are a source of immense frustration to smaller employers. In addition, there is a pressing need to ensure that immigration paperwork and applications can be processed in a timely fashion.

Many of the rules and regulations associated with our current structure were created at a time of significantly higher unemployment rates and much better labour market demographics than exist today. While small firms recognize that immigration is not a “magic bullet” to solve the skills and labour shortages they are facing, they see reforms to Canada’s immigration system as an important part of this process.



# Works Cited

Statistics Canada. 2005. Longitudinal Survey of Immigrants to Canada: progress and challenges of new immigrants in the workforce 2003. Ottawa.

—2003. Longitudinal Survey of Immigrants to Canada: process, progress and prospects. Ottawa.

Citizenship and Immigration Canada. 2005. Facts and Figures 2005. Ottawa.

—2003. <http://www.cic.gc.ca/english/department/brochure/service.html> Citizenship and Immigration Canada Serving Canada and the World (accessed August 22, 2006).

—2006. <http://www.cic.gc.ca/english/study/work-opps.html#offcampus>. Work Opportunities for Foreign Students (accessed June 6, 2006).

—Speech by The Honourable Monte Solberg. <http://www.cic.gc.ca/english/press/speech-2006/sc-10may.html> (accessed June 7, 2006)

—2006. News release April 27, 2006. Off-Campus Work Permit Program Launched. <http://www.cic.gc.ca/english/press/06/0601-e.html> (accessed June 6, 2006).

—2006. News release July 31, 2006. Canada's new government helps to match foreign skilled workers with companies in need. <http://www.cic.gc.ca/english/press/06/0607-e.html> (accessed October 4, 2006).

—2002. Spousal Program. <http://www.cic.gc.ca/english/work/worker-4.html> (accessed August 22, 2006)

Government of Manitoba. 2005. Manitoba Immigration Facts: 2005 Statistical Report. Winnipeg.

—2005. Manitoba Provincial Nominee Program for Skilled Workers. Winnipeg.

—1999. Press release November 19, 1999. Immigration Agreement Expansion Announced: Manitoba to receive hundreds of additional skilled workers. <http://www.gov.mb.ca/chc/press/top/1999/11/1999-11-19-02.html> (accessed May 30, 2006).

—2004. Press release April 23, 2004. Manitoba Immigration Strategies Yield Solid Growth: Allan. <http://www.gov.mb.ca/chc/press/top/2004/04/2004-04-23-02.html> (accessed May 30, 2006)

—2001. Press release February 23, 2001. Immigration To Manitoba Increasing: Barrett. <http://www.gov.mb.ca/chc/press/top/2001/02/2001-02-23-01.html> (accessed May 30, 2006)

Clement, Gerry. 2002. "The Manitoba Advantage: Opportunity and Diversity". Horizons, 5, 2, pp.16-17. Ottawa.

Canadian Federation of Independent Business. 2006. Help Wanted: long-term vacancies a major small business challenge. Toronto.

—2005. Prosperity Restricted by Red Tape. Toronto.

—2005. Succession Can Breed Success: SME succession and Canada's economic prosperity. Toronto.

—2004. Fostering Flexibility: work and family. Toronto.

—2003. Labour Pains: results of CFIB surveys on labour availability. Toronto.

—2003. Immigration and Foreign Workers: a guide for Canadian employers. Toronto.

—2003. Skilled in Training. Toronto.

—2002. Help Wanted: update, labour shortages persist in the SME sector. Toronto.

Richardson, Sue and Laurence Lester. 2004. A Comparison of Australian and Canadian Immigration Policies and Labour Market Outcomes. National Institute of Labour Studies. Flinders University of South Australia. Adelaide.

Alboim, Naomi, Ross Finnie and Ronald Meng. 2005. 'The Discounting of Immigrants' Skills in Canada: evidence and policy recommendations. Institute for Research on Public Policy. Montreal.

Government of Canada. 2003. Report of the Standing Committee on Citizenship and Immigration. The Provincial Nominee Program: a partnership to attract immigrants to all parts of Canada, Ottawa.

Government of Quebec. 2004. Taking steps to integrate successfully into Quebec. <http://www.immigration-quebec.gouv.qc.ca/en/immigrate-settle/permanent-workers/integration/index.html> (accessed October 30, 2006)

—2005. Difference between the selection and admission of workers. <http://www.immigration-quebec.gouv.qc.ca/en/immigrate-settle/permanent-workers/official-immigration-application/selection-admission.html> (accessed October 30, 2006)

Human Resources and Social Development Canada. 2003. HRSDC Assessment for Labour Market Opinion <http://www.hrsdc.gc.ca/en/epb/lmd/fw/tohrdcassess.shtml> (accessed May 25, 2006)

— 2005. Pilot Project for Hiring Foreign Workers in Occupations that Usually Require a High School Diploma or Job-Specific Training <http://www.hrsdc.gc.ca/en/epb/lmd/fw/lowskill.shtml> (accessed May 25, 2006)

— 2005. Hiring Skilled Workers and Supporting their Permanent Immigration <http://www.hrsdc.gc.ca/en/epb/lmd/fw/supperimm.shtml> (accessed July 18, 2006)

Coalition for Secure and Trade-Efficient Borders. 2004. Rethinking our Borders: beyond the plan.

## Bibliography

Government of Quebec. 2005. Temporary workers. <http://www.immigration-quebec.gouv.qc.ca/en/immigrate-settle/temporary-workers/index.html> (accessed October 30, 2006)

— 2005. Becoming a permanent resident. <http://www.immigration-quebec.gouv.qc.ca/en/immigrate-settle/temporary-workers/permanent-resident/index.html> (accessed October 30, 2006)

— 2004. Requirements of the Immigration Program for skilled workers, <http://www.immigration-quebec.gouv.qc.ca/en/immigrate-settle/permanent-workers/official-immigration-application/requirements-programs/index.html> (accessed October 30, 2006)



# Appendix A: Survey Form

*Point of View on Labour Shortages and Immigration*

**MA223PV\_0607**

00056001

1. **Do you think it will become easier or harder to find employees in the next five years?** (Select one)

- ☐ Easier  
☐ The same  
☐ Harder  
☐ Don't know

2. **Has your business hired or attempted to hire in the past five years?** (Select one)

- ☐ Yes  
☐ No (*Go to Question 13*)

3. **If your business had difficulties hiring, how did you manage?** (Select as many as apply)

- ☐ No difficulties (*Go to Question 6*)  
☐ Hired someone even though the person didn't meet the requirements  
☐ Hired temporary help  
☐ Recruited outside my province  
☐ Recruited outside of Canada  
☐ Passed some responsibilities onto other employees  
☐ Additional use of overtime/longer shifts  
☐ Improved salary/benefits  
☐ Improved training  
☐ Acquired new technology  
☐ Business functioned with fewer employees/ignored new business opportunities  
☐ Other (Please specify) \_\_\_\_\_

4. **Would you describe your firm's hiring difficulty as a skills or labour shortage?**

**A skills shortage is when there is a lack of candidates with the required education, experience or skills applying for vacant positions in your business. A labour shortage is when there are generally too few people applying for vacant positions in your business, including entry level or unskilled workers.** (Select one)

- ☐ Skills shortage  
☐ Labour shortage  
☐ Both

5. **What type of worker is your business in greatest need of?** (Please specify one only. e.g. accountant, welder, sales clerk)

6. **What are your most effective ways of recruiting employees?** (Select as many as apply)

- ☐ Unsolicited applications  
☐ Referrals from friends, employees  
☐ "Help Wanted" signs on your premises  
☐ Job advertisements in newspaper  
☐ Own website  
☐ External website (e.g. Workopolis.com)  
☐ Government employment centres  
☐ Other government programs  
☐ Trial placements, co-op programs  
☐ Professional recruiter  
☐ Immigration agency/organization  
☐ Other (Please specify) \_\_\_\_\_

**For the purpose of this survey, the term "new immigrants" describes people who have lived in Canada for five years or less and wish to permanently reside in Canada as well as temporary foreign workers who are in Canada to work for a limited period of time.**

7. **Have you hired any new immigrants in the past five years?** (Select one)

- ☐ Yes  
☐ No (*Go to Question 13*)  
☐ Don't know (*Go to Question 13*)

**8. How did your business go about recruiting new immigrants?** (Select as many as apply)

- ☐ Used a government program or a local, non-profit immigration agency
- ☐ Used a paid immigration consultant, lawyer
- ☐ They approached my business for employment
- ☐ Ad in a publication or newspaper targeted at ethnic group
- ☐ Referrals from existing staff who are new immigrants
- ☐ Hired through the same process as other (non-immigrant) staff
- ☐ Other (Please specify) \_\_\_\_\_

**9. What categories of new immigrant has your business hired?** (Select as many as apply)

- ☐ The immigrant was already in Canada and had permission to work (e.g. permanent resident status)
- ☐ Foreign worker in Canada to work for a limited period of time (temporary foreign worker)
- ☐ My business was involved in bringing the new immigrant through the regular permanent immigration system
- ☐ Don't know

**10. What problems, if any, has your business encountered with the immigration system?** (Select as many as apply)

- ☐ No problems
- ☐ Delays in processing applications/backlog in foreign embassies
- ☐ Advertising requirements to demonstrate hiring difficulties in Canada
- ☐ Onerous system for government to evaluate my firm's salary levels
- ☐ Keeping new immigrants who have temporary status
- ☐ Scoring system favours certain highly skilled new immigrants
- ☐ System is too complex, paperwork
- ☐ My industry/sector not recognized by government as one in need of new immigrants
- ☐ Costs are too high (e.g. recruiting, consultants, fees)
- ☐ Other (Please specify) \_\_\_\_\_

**11. What problems, if any, have you encountered in integrating new immigrants in your workplace/community?** (Select as many as apply)

- ☐ No problems
- ☐ Evaluating foreign credentials
- ☐ Lack of services to help new immigrants/families integrate into the community
- ☐ Lack of new immigrants in my community
- ☐ Relationships with other workers due to cultural/religious differences
- ☐ Language barriers
- ☐ Immigrant's family members are not able to work
- ☐ Other (Please specify) \_\_\_\_\_

**12. In hiring new immigrants, what has your business done to ease their transition into your workplace or community?** (Select as many as apply)

- ☐ No adjustments necessary
- ☐ Offered language training
- ☐ Provided cultural awareness training for existing employees
- ☐ Assisted with settlement (e.g. finding accommodation, banking)
- ☐ Offered mentorship/social activities
- ☐ Other (Please specify) \_\_\_\_\_

**13. Do you have any comments, remarks on the shortage of labour or recommendations on how to improve the immigration system?**

00056002